

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-95165; File No. SR-FINRA-2022-017)

June 27, 2022

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 6750 Regarding the Publication of Aggregated Transaction Information on U.S. Treasury Securities

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 23, 2022, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend FINRA Rule 6750 to provide that FINRA may publish or distribute aggregated transaction information and statistics on U.S. Treasury Securities on a more frequent basis.

The text of the proposed rule change is available on FINRA’s website at <http://www.finra.org>, at the principal office of FINRA and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On July 10, 2017,<sup>3</sup> FINRA members began reporting information on transactions in U.S. Treasury Securities<sup>4</sup> to the Trade Reporting And Compliance Engine (TRACE).<sup>5</sup> Information reported to TRACE regarding individual transactions in U.S. Treasury Securities is used for regulatory and other official sector purposes and is not published or disseminated.<sup>6</sup> On December 20, 2019, the SEC approved amendments to Rule 6750 (Dissemination of Transaction

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<sup>3</sup> See Regulatory Notice 16-39 (October 2016) (SEC Approves Rule Change to Require Reporting of Transactions in U.S. Treasury Securities to the Trade Reporting and Compliance Engine (TRACE)); see also Securities Exchange Act Release No. 79116 (October 18, 2016), 81 FR 73167 (October 24, 2016) (Order Granting Accelerated Approval of File No. SR-FINRA-2016-027).

<sup>4</sup> Under Rule 6710(p), a “U.S. Treasury Security” means a security, other than a savings bond, issued by the U.S. Department of the Treasury (the “Treasury Department”) to fund the operations of the federal government or to retire such outstanding securities. The term “U.S. Treasury Security” also includes separate principal and interest components of a U.S. Treasury Security that has been separated pursuant to the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program operated by the Treasury Department.

<sup>5</sup> FINRA’s TRACE rules apply only to FINRA members. However, FINRA notes that certain banks that are not FINRA members will begin reporting information on transactions in specified fixed income securities to TRACE starting on September 1, 2022 pursuant to requirements adopted by the Board of Governors of the Federal Reserve System. See Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB, 86 FR 59716 (October 28, 2021) (Federal Reserve approval to implement the Treasury Securities and Agency Debt and Mortgage-Backed Securities Reporting Requirements (FR 2956; OMB No. 7100-NEW)).

<sup>6</sup> Rule 6750(c)(5) provides that FINRA will not disseminate information on U.S. Treasury Securities.

Information) to allow FINRA to publish weekly aggregated transaction information and statistics on U.S. Treasury Securities at no charge (unless FINRA submits a rule filing imposing a fee for such data).<sup>7</sup> Pursuant to amended Rule 6750.01(b), on March 10, 2020 FINRA began posting on its website weekly, aggregate data on the trading volume of U.S. Treasury Securities reported to TRACE.<sup>8</sup>

FINRA has received favorable feedback on the weekly aggregated trading volume data for U.S. Treasury Securities that is currently made available on its website and, in consultation with the Treasury Department, now believes it would be appropriate to increase the cadence of this aggregated data. Accordingly, FINRA is proposing to amend paragraph (b) of Supplementary Material .01 to Rule 6750 to delete the word “weekly” so as to permit more frequent publication of aggregated U.S. Treasury Security transaction information and statistics, such as on a daily basis.<sup>9</sup>

FINRA notes that the more frequent aggregated U.S. Treasury Security data would continue to not identify individual market participants or transactions, and FINRA would

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<sup>7</sup> See Securities Exchange Act Release No. 87837 (December 20, 2019), 84 FR 71986 (December 30, 2019) (Order Approving File No. SR-FINRA-2019-028).

<sup>8</sup> See FINRA Press Release, FINRA Launches New Data on Treasury Securities Trading Volume, available at <https://www.finra.org/media-center/newsreleases/2020/finra-launches-new-data-treasury-securities-trading-volume>.

<sup>9</sup> As it has done previously, FINRA may also continue to modify and enhance the format and content of the aggregate U.S. Treasury Security data (e.g., by adding aggregate trade count and pricing information). For example, in 2021, FINRA enhanced the format of the weekly aggregate data to include a new maturity category for nominal coupons: “Greater than 10 years and less than or equal to 20 years.” This category was intended to highlight the on-the-run 20-year bond and provide volume information for off-the-run Treasury bonds whose remaining maturity fall within the maturity band. See Technical Notice (April 29, 2021) (Enhancements to Weekly Aggregated Reports and Statistics for U.S. Treasury Securities).

continue to not publish aggregated transaction information and statistics by individual U.S. Treasury Security (except for the category of on-the-run U.S. Treasury Securities because there is only one on-the-run security at a time for each subtype and maturity).<sup>10</sup> The aggregate U.S. Treasury Security data would also continue to be provided at no charge (unless FINRA submits a rule filing to impose a fee for this data). FINRA believes that the proposed rule change will benefit investors and market participants by providing timelier insight into U.S. Treasury market activity, while maintaining the confidentiality of individual market participants and transactions.

If the Commission approves the proposed rule change, the effective date of the proposed rule change will be the date of Commission approval.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>11</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 15A(b)(9) of the Act,<sup>12</sup> which requires that FINRA rules not impose any burden on competition that is not necessary or appropriate.

FINRA believes that the proposed rule change will benefit investors and market participants by providing additional insights into U.S. Treasury Security transaction volume,

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<sup>10</sup> See Rule 6750.01(b), which currently provides that aggregated transaction information and statistics on U.S. Treasury Securities will not be published or distributed by individual security (except for aggregated data that includes on-the-run U.S. Treasury Securities that may have had only one on-the-run security during the aggregated period), and will not identify individual market participants or transactions.

<sup>11</sup> 15 U.S.C. 78o-3(b)(6).

<sup>12</sup> 15 U.S.C. 78o-3(b)(9).

while maintaining the confidentiality of individual market participants and transactions.

Accordingly, FINRA believes the proposed rule change is in the public interest and will help provide greater transparency in U.S. Treasury Securities.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the regulatory need for the proposed rule change, its potential economic impacts, including anticipated costs and benefits, and any alternatives considered in assessing how to best meet the proposal's regulatory objectives.

Regulatory Need

The purpose of the proposal is described above and is consistent with TRACE transparency initiatives.

Economic Baseline

As mentioned above, in July 2017, FINRA member firms began reporting transactions in U.S. Treasury Securities to TRACE.<sup>13</sup> Currently, there is no dissemination of transactions to the public, either real-time or on a delayed basis, as member firms report trade activity in U.S. Treasury Securities to TRACE for regulatory purposes only.

There is currently limited publicly available information on U.S. Treasury Security transaction volume. The Federal Reserve Bank of New York publishes average daily trading volume and end-of-the-week positions of primary dealers in U.S. Treasury Securities on a

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<sup>13</sup> See supra note 3.

weekly basis.<sup>14</sup> As noted above, in March 2020, FINRA began publishing weekly aggregate volume data in Treasury Securities.<sup>15</sup>

### Economic Impacts

The proposed dissemination of more frequent aggregate volume data in U.S. Treasury Securities would not impose any additional requirements on firms. The aggregate volume data published by FINRA will continue to be derived from trade reports already required to be submitted to TRACE. In addition, because the data would be available free of charge, FINRA does not believe that there would be any direct costs associated with the proposal for firms, investors or data consumers.

FINRA expects that the proposed rule change would help market participants better understand the overall trading of U.S. Treasury Securities by providing more timely information that could be utilized in assessing where liquidity is concentrated by security characteristic and market segment. FINRA believes that publishing more frequent aggregated data on U.S. Treasury Securities transactions would further benefit market participants and the investor community by enhancing overall transparency.

FINRA also considered information leakage concerns, i.e., whether market participants' proprietary trading strategy could be discerned from the published data. FINRA believes that the aggregated framework mitigates these concerns. As is the case under the current rule, aggregated transaction information and statistics on U.S. Treasury Securities will not be published or distributed by individual security (except for aggregated data that includes on-the-run U.S.

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<sup>14</sup> See <https://www.newyorkfed.org/markets/primarydealers> for the definition of “primary dealers” and the weekly statistics.

<sup>15</sup> See supra note 8.

Treasury Securities that may have had only one on-the-run security during the aggregated period) and will not identify individual market participants or transactions.

#### Alternatives Considered

No other alternatives were considered for the proposed dissemination framework.

#### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

#### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2022-017 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2022-017. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.



All submissions should refer to File Number SR-FINRA-2022-017 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

Jill M. Peterson  
Assistant Secretary

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<sup>16</sup> 17 CFR 200.30-3(a)(12).